



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 6/22/2004

**GAIN Report Number:** MX4079

## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #24 2004

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**Report Highlights:**

- \*NO SUGAR IMPORT PERMITS FOR MY 2003/04
- \*U.S.-MEXICO SWEETENERS AGREEMENT SOON TO BE REACHED
- \*MEXICAN MILK PRODUCERS CRY HAVOC
- \*PRICE OF PORK MEAT INCREASES 40 PERCENT
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- \*NGOS FROM 83 COUNTRIES CRITICIZE FAO REPORT ON TRANSGENIC PRODUCTS

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1]  
[MX]

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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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#### **NO SUGAR IMPORT PERMITS FOR MY 2003/04**

The Under Secretary of Economy, Rocio Ruiz, affirmed that since sugar production in Mexico for MY 2003/04 will be enough to cover domestic demand, there would not be a need to issue any sugar import permits. Last MY 2002/03, import permits were issued and 70,000 MT of sugar was imported. However, Rocio Ruiz said that unfair sugar imports have resulted in a serious problem, which represents tax evasion of about \$300 million pesos (US\$26.6 million), and agreed with some legislators to create a working group that would follow up sugar imports into Mexico. The Secretariats of Treasury, Economy, Agriculture and Congressman Manuel Enriquez Poy, President of the Chamber for the Sugar and Alcohol Industries, would form this group. (Source: *Financiero*, 6/3/04)

#### **U.S.-MEXICO SWEETENERS AGREEMENT SOON TO BE REACHED**

After nine months of conversations, agro-industry producers from Mexico and the United States achieved progress in the negotiations to end the dispute between Mexican sugar and U.S. fructose, as well as to establish the basis of an "ordered and balanced" sweeteners trade between the two countries. On a general basis Mexico would accept a determined quantity of imported and locally produced fructose in the domestic market and the United States would receive Mexican sugar exports in a similar quantity. (Source: *Universal*, 6/21/04)

#### **MEXICAN MILK PRODUCERS CRY HAVOC**

According to local newspapers, milk producers from the Mexican states of Hidalgo, Puebla, Queretaro and Tlaxcala marched in protest yesterday in front of the U.S. Embassy in Mexico City protesting the indiscriminate imports of milk and milk products at highly subsidized prices. They also protested junk food products that claim manufacture with dairy products when in reality these products do not contain any dairy products. The milk producers demanded that the federal government increase the purchase of domestic milk and reduce imports so that 120,000 Mexican milk producers have an opportunity to survive. (Source: *Reforma*, *El Universal*, *El Financiero* and *Excelsior*, 6/18/04)

#### **PRICE OF PORK MEAT INCREASES 40 PERCENT**

According to a local newspaper, Ernesto Rodriguez, President of Mexico's Butcher Shop's Union (ULTRM), said the price of pork meat increased 40 percent in the past few weeks along with other food products due to the increase of gasoline and energy prices recently announced by the GOM. UTLRM further indicated that the price increases are inequitable and

unjust with regards to the population of Mexico because the general increase in salaries of 5 percent has been surpassed by leaps and bounds. (Source: *Excelsior*, 6/18/04)

### **NAFTA FULFILLED FUNDAMENTAL OBJECTIVES**

In the ten years since the NAFTA signing, former Secretary of Economy Jaime Serra Puche said that Mexico was granted benefits under the commercial opening derived from the Agreement. "The Agreement promoted consumption, investment and exports allowing a Gross Domestic Product (GDP) increase," Serra added. The investment from 1994 to 2002 contributed to a 1.5-percent GDP increase; while the exports and the consumption showed a 3 and 2 percent increase respectively. Serra affirmed that since the beginning, NAFTA implementation targeted two main objectives: generation of non-petroleum exports and larger amounts of Foreign Direct Investment (FDI) to complement domestic saving. From his point of view, success has been a constant in both aspects, non-petroleum exports and FDI, and their effects on growth have been tangible. Moreover, "NAFTA has fuelled Mexican exports more than any other variable," Serra concluded. (Source: *El Financiero*, 6/15/04)

### **ALLIANCE BETWEEN AGRICULTURAL PRODUCERS IN MEXICO AND THE UNITED STATES**

The private agricultural sector in Mexico and the United States signed a Memorandum of Understanding (MOU) to increase bilateral agricultural trade. The National Agriculture Council and its counterpart in the United States, the American Farm Bureau Federation, signed the landmark agreement. Among its objectives are to strengthen communication and cooperation between Mexican and U.S. agricultural growers. The MOU marks the first time leading Mexican and U.S. agricultural organizations have signed a working agreement. The MOU, signed in Mexico City, outlines mutual objectives and terms of agreement, including a series of annual meetings between the two organizations, an exchange of information related to agricultural production and a link to identify commerce and investment opportunities between both countries. Both organizations look forward to jointly addressing issues with the World Trade Organization and working to reduce sanitary and phyto-sanitary challenges. The U.S. Ambassador in Mexico, Tony Garza, attested the signature of this landmark agreement. He pointed out that a higher approach and more collaboration will compel agricultural production as well as alleviate partial poverty of 25 million people in Mexican rural areas. (Source: *El Financiero*, *Reforma*, *La Jornada*, *El Universal* and *El Sol de Mexico*, 6/18/04)

### **THE CONTROVERSY ON BIOTECHNOLOGY RISKS CONTINUES**

According to a local newspaper, despite the fact that U.S. seed growers and companies accept agricultural biotechnology, the international controversy about the "perceived risks" on human health and ecology is constant. Therefore, some storage companies in the United States implemented mechanisms to segregate transgenic from non-transgenic grains, if the customer requests it. The Nebraska Corn Commission stated that the United States produced 261 million tons of corn in 2003, of which 40.5 million tons were exported. The main buyers countries were Japan, Mexico and Taiwan. (Source: *El Financiero*, 7/21/04)

### **THE U.S. BLOCKADE REPORT OF TRANSGENIC CORN IN OAXACA**

According to a local newspaper article, Mexican Secretary of Environment Alberto Cardenas-Jimenez stated that Mexico is not in the shadows of U.S. interests in the transgenic issue. He refused to discuss what Mexico's position is regarding the report on the contamination of Oaxaca's native cultivations with corn genetically modified crops. Cardenas said that neither the report nor its recommendations will be presented in the eleventh regular session of the

Council of Ministries of the North American Commission for Environmental Cooperation (CEC). The issue will be discussed with the U.S. Administrator of the Environmental Protection Agency, Michael Levitt, and Canada's Under Ministry of Environment, Norine Smith, as well as with the CEC's Director, William Kennedy. (Source: *La Jornada*, 6/22/04)

#### **MEXICAN SUPERMARKETS ARE BUYING MORE IMPORTED FRUIT**

Mexican agricultural producers are being displaced in their own market because it is more common to find fruits and vegetables originating in the United States and Chile at the main supermarkets. The lack of investment and technology, as well as a limited packing system and good product presentation are limiting Mexican product from the large supermarkets. Juan Habermann, President of the Confederation of Agricultural Associations in Sinaloa (CAADES), explains that the fruit market has a strong potential but there is a lack of sense in the domestic producers to look for quality, including packing and better post-harvest handling. There is a market niche that producers are paying attention to. About 30 percent of grapes, apples, pears, peaches, plums, lettuce and asparagus are imported. (Source: *Reforma*, 6/13/04 and 6/14/04)

#### **NGOs FROM 83 COUNTRIES CRITICIZE FAO REPORT ON TRANSGENIC PRODUCTS**

More than 650 civil and non-government organizations (NGOs and social movements) and 800 individuals from 83 countries delivered an open letter to Jacques Diouf, Director-General of the Rome-based UN agency condemning the Food and Agriculture Organization's (FAO) incompetence in addressing scientific and technical issues related to genetically engineered crops and questioning the agency's integrity in relating to the world's smallholder farmers. The open letter comes one month after FAO's May 17th release of *"Agricultural Biotechnology: Meeting the Needs of the Poor,"* which was the focus of the agency's annual "State of Food and Agriculture" report. According to the open letter, the FAO's report is incompetent, illogical and ill willed. Moreover, the letter states that FAO's report struggles to appear neutral but comes off as a public relations piece for genetically modified seeds and the biotech industry. (Source: *La Jornada*, 6/18/04)

#### **REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY**

<b>NUMBER</b>	<b>TITLE</b>	<b>DATE</b>
MX4072	Weekly Highlights & Hot Bites, Issue #23	6/14/04
MX4073	Mexico Upholds Previous Decision to Eliminate Compensatory Duty on Imports of Live Hogs for Slaughter	6/15/04
MX4074	Mexico Initiates Dumping Investigation of U.S. Pork Legs	6/15/04
MX4075	Asparagus Annual Report	6/15/04
MX4076	Review of Compensatory Duties for Imported Beef from Selected U.S. Exporters	6/15/04
MX4077	Mexico Publishes Preliminary Resolution on Antidumping Investigation of U.S. Pork Meat	6/15/04
MX4078	NAFTA Panel Decides Favorably for Selected U.S. Exporters on Beef Disputes	6/15/04

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